Performance Audit

Michigan Integrated Data Automated System (MiDAS)

Unemployment Insurance Agency (UIA), Department of Talent and Economic Development and Department of Technology, Management, and Budget (DTMB)

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MiDAS is an automated information system used by UIA to collect unemployment taxes from employers and to pay unemployment insurance benefits to eligible claimants. DTMB contracted for the design, configuration, and implementation of MiDAS to replace a 30-year-old mainframe system. MiDAS was fully implemented in October 2013. The goals of MiDAS included improved customer service, increased data accuracy, improved data security and privacy, reduced operating costs, increased automation, and improved integration of UIA functions. In fiscal year 2014, UIA paid $1 billion in unemployment insurance benefits for 611,503 claims.

Audit Objective	Conclusion		
Objective #1: To assess the effectiveness of UIA and DTMB's security and access controls over MiDAS.	Moderately effective		
Findings Related to This Audit Objective	**Material Condition**	**Reportable Condition**	**Agency Preliminary Response**
UIA had not fully implemented a comprehensive security management program to ensure the security of MiDAS (Finding #1).	X		Agrees
DTMB did not fully establish effective security and access controls over the operating systems on MiDAS servers, increasing the risk of loss of or unauthorized access to confidential data (Finding #2).	X		Agrees
UIA did not implement effective MiDAS application access controls to ensure the security of unemployment data (Finding #3).		X	Agrees
UIA and DTMB did not maintain effective security and access controls over the MiDAS database to help prevent or detect inappropriate access to claimant data and to ensure the integrity of benefit payments (Finding #4).		X	Agrees

Audit Objective			Conclusion
Objective #2: To observe and evaluate the sufficiency of selected unemployment claim processing controls in MiDAS.			Sufficient with exceptions
Findings Related to This Audit Objective	**Material Condition**	**Reportable Condition**	**Agency Preliminary Response**
UIA did not implement automated controls within MiDAS to detect claimants who had not submitted evidence of their work search efforts. As a result, UIA did not have a method to identify payments to claimants who were not actively seeking work in accordance with State law (Finding #5).		X	Agrees
UIA and DTMB did not fully analyze and review MiDAS data to help identify unemployment insurance benefit payments needing further review (Finding #6).		X	Agrees
UIA had not fully implemented processing controls within MiDAS to help ensure appeals process efficiency (Finding #7).		X	Agrees
UIA did not fully review and implement methods to further automate MiDAS claim processing to reduce significant UIA staff time spent manually entering data (Finding #8).		X	Agrees